

Assembly Bill No. 1230

CHAPTER 392

An act to amend Sections 22105 and 22109 of the Financial Code, relating to finance lenders.

[Approved by Governor September 29, 2001. Filed with Secretary of State October 1, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1230, Papan. Finance lenders.

Existing law, the California Finance Lenders Law, requires the licensure of a person by the Commissioner of Corporations to engage in the business of a finance lender or broker. Existing law requires the commissioner to investigate specified individuals if an applicant for licensure is a corporation, trust, or association.

This bill would require the commissioner, if an applicant is a corporation, trust, or association, to investigate the applicant's principal officers, as defined.

The people of the State of California do enact as follows:

SECTION 1. Section 22105 of the Financial Code is amended to read:

22105. (a) Upon the filing of an application pursuant to Section 22101 or 22102 and the payment of the fees, the commissioner shall investigate the applicant, and its general partners and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests if the applicant is a partnership. If the applicant is a corporation, trust, or association, including an unincorporated organization, the commissioner shall investigate its principal officers, directors, and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding equity securities. If the commissioner determines that the applicant has satisfied this division and does not find facts constituting reasons for denial under Section 22109, the commissioner shall issue and deliver a license to the applicant.

For the purposes of this section, "principal officers" shall mean president, chief executive officer, treasurer, and chief financial officer, as may be applicable, and any other officer with direct responsibility for the conduct of the applicant's lending activities within the state.

(b) For purposes of subdivision (a), the investigation in connection with an application described in Section 22102 may be limited to the



information not already included in previous applications filed pursuant to this division.

SEC. 2. Section 22109 of the Financial Code is amended to read:

22109. (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for any of the following reasons:

(1) A false statement of a material fact has been made in the application.

(2) Any officer, director, general partner, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has, within the last 10 years (A) been convicted of or pleaded nolo contendere to a crime, or (B) committed any act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

(3) The applicant or any officer, director, general partner, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of a foreign jurisdiction.

(b) The application shall be considered withdrawn within the meaning of this section if the applicant fails to respond to a written notification of a deficiency in the application within 90 days of the date of the notification.

(c) The commissioner shall, within 60 days from the filing of a full and complete application for a license with the fees, either issue a license or file a statement of issues prepared in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

